C4722-2

APRIL 21, 1986

CableVision

THE NEWS AND FEATURES WEEKLY OF THE CABLE TELEVISION INDUSTRY

NEW BASIC NETWORK CONCEPT GAINING MOMENTUM

INDUSTRY PAY SALES REMAIN SLUGGISH IN FIRST QUARTER

DANIELS FORMS FINANCE VENTURE WITH SALOMON BROS.

MARKETING ADVANTAGE SEEN IN USING BILLING DATA

MESSAGE FOR BROADCAST LEGIONS: NAB REPORT FINDS CABLE GAINING

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LEADING THE WEEK

Flagship channel pushed 11
ATC Chairman Trygve Myhren and USA Network President Kay Koplovitz added their voices to the call for a flagship basic cable service featuring "broadcast network quality" programming.

Customer satisfaction key 11
In a speech to the Washington Cable Club, Trygve Myhren, newly elected chairman of the NCTA, said improvement of customer satisfaction remains the key issue currently facing the cable industry.

Pay sales down 12
Cable industry officials are reporting that pay unit sales experienced a poor showing in the first quarter of 1986, despite evidence of a rebound in March.

Sanctions recommended 14
Shifting its focus from a federal indecency statute aimed at cable, the staff of the U.S. Attorney General's Commission on Pornography is now recommending "appropriate sanctions" be imposed by the FCC.

Losses reported 16
According to a report released annually by the city, Cablevision of Boston lost subscribers and money during 1985. The company, however, says both have increased during the first quarter of 1986.

Decoder legislation 17
Kentucky Sen. Wendell Ford introduced legislation that would require the FCC to establish a scrambling standard for satellite-delivered programming and regulate the price of TVRO decoders.

Scrambling inquiries 18
Showtime/The Movie Channel has begun taking telephone inquiries from TVRO owners who want to purchase the services, which will begin full-time scrambling May 27.

Financial powerhouse 18
Daniels and Associates, Denver's cable management and brokerage firm, has joined Wall Street's Salomon Brothers to provide investment banking services to the cable and communication industries.

Sale granted 19
Despite objections voiced by the backyard dish industry, the FCC has approved Viacom International's purchase of KMOX-TV in St. Louis for $122.5 million from CBS Inc.

Ratification eyed 20
Key Congressional members told broadcasters that, should the FCC fail to accept the pending must-carry compromise, Congress would likely ratify the pact.

Comband push 20
Faced with little industry demand for the Comband system, GE has stepped up its efforts to market the product to multipoint distribution services and instructional television operators.

TOPICS

Programming 21
Change appears to be in the works for VH-1 as Vice President Kevin Metheny and the middle-of-the-road music video channel have parted ways.

Media Watch 22
A study commissioned by the National Association of Broadcasters predicts that the broadcast network affiliates' share of viewership will continue to erode through the decade while basic cable viewership climbs.

Marketing 23
As cable marketing executives begin to focus on the type of information they need to fully analyze their ongoing billing computer re-engineering with new software,

International 28
Cable Atlantic has sold Vol. 1 of its cable distribution and equipment catalog, profiles, statistics and company data to Skip Cable and begun work on Vol. 2, another

Business 30
Continental Cablevision has agreed to purchase four systems from McClatchy Newspapers for about $141 million, or $1,500 per subscriber.

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Cover story
National Association of Broadcasters convention attendees were given a generally rosy forecast for the future during the show in Dallas last week. Yet NAB commissioned study, however, also pointed out that network affiliates' viewership shares will continue to erode throughout the decade while basic cable's share will steadily climb from current levels.

Europe will skip cable for DBS, analyst says

NEW YORK—European television will skip the cable phase altogether and leap into DBS because of the slow or nonexistent pace at which cable plants have been installed and the unique demographics of the continent in comparison to the U.S., First Boston Broadcasting and Cable Analyst Richard MacDonald told *CableVision* last week.

MacDonald made his remarks in the context of a report he issued outlining investment opportunities available as a result of the breakup of Western European state monopoly control of television.

Cable reaches just seven percent of the television households in Europe (see chart), compared to almost 42 percent of television households in the U.S. While pay and ad-supported cable are valuable, "this is nothing compared to what will happen when high-powered direct broadcast satellites, launched in 1987, are receivable by a $200 $400 dish," MacDonald writes in his report.

MacDonald indicated that problems which have confronted cable in the U.S. are exacerbated in the European market with its high concentration of dwellings and the potential underground wiring problems associated with areas of historic significance. "Think of the problems created by bumping into Roman ruins," he says. Moreover, the concentration of multiple dwelling units is high in Europe, and MacDonald postulates that theft-of-service problems could be monumental. "DBS is a big problem solver," he concludes.

New technologies are already changing the face of European television. "Satellite signals know no borders, thus controlling broadcast signals becomes impossible," notes MacDonald. Moreover, the European Economic Community's attempts to deal with this new technological age is causing European governments to rethink their broadcasting policies from every dimension. In the process, they are trying to leapfrog problems, thereby causing a breakdown in their control.

While MacDonald says the television environment in Europe will never be as "free" as in the U.S., he foresees a situation with renewed state broadcasting corporations competing against aggressive new commercial stations and both vying against new technologies.

What will fuel this renewal and launch new stations is an increased amount of advertising spending, the result of the breakup of state control.

Richard MacDonald

This will translate into high demand for U.S. programming initially, but eventually a pan-European production industry will develop. Major players are expected to include West German publishers Axel Springer and Butlesman, Swedish satellite program developer Esselte, and News International, Rupert Murdoch's company, owner of a majority interest in Sky Channel. Sky Channel, with its mix of English-language sitcoms, music videos, sports and movies, attracts more viewers than any other satellite-delivered service in Europe, except for viewers in West Germany. The channel is not a money-maker for Murdoch, however.

—*Virginia Munger Kahn*

CABLE, MATV AND SKYCHANNEL PENETRATION

Country	Total households	% of homes reached by cable	Number of homes reached by cable	% of homes reached by MATV	Number of homes reached by MATV	% of homes reached by Skychannel	Number of homes reached by Skychannel
Austria	2,757,000	9.0%	249,000	4.0%	110,000	7.3%	200,791
Belgium	3,600,000	6.0	216,000	—	1,080,000	3.8	135,815
Denmark	1,750,000	2.0	35,000	10.0	175,000	0.3	5,243
Finland	2,191,000	4.0	88,000	10.0	219,000	7.1	155,088
France	19,000,000	1.0	190,000	2.0	380,000	1.4	266,000
Germany	25,356,000	4.0	1,014,000	43.0	10,903,000	2.5	779,563
Greece	2,750,000	—	—	—	—	—	0
Ireland	870,000	2.0	17,000	—	—	—	0
Italy	16,000,000	—	—	—	—	—	0
Luxembourg	150,000	1.0	1,500	10.0	15,000	0.2	3,765
Netherlands	4,500,000	40.0	1,800,000	20.0	900,000	8.0	338,725
Norway	1,550,000	14.0	217,000	28.0	434,000	0.2	1,000
Spain	10,450,000	0.2	21,000	3.0	314,000	0.2	1,000
Sweden	3,000,000	0.2	6,000	3.0	90,000	0.2	6,000
Switzerland	2,424,000	40.0	1,000,000	12.0	300,000	28.0	693,884
U.K.	20,000,000	1.0	200,000	4.0	800,000	3.0	1,155,000

Film product comparison—May

Film	Pay Networks					Distributor
The Adventures of Buckaroo Bonzai	HBO*	(ST)		HTN		20th Century-Fox
Age of Consent					MAX	Columbia
Alamo Bay	HBO					Tri Star
All of Me		ST	(TMC)	(HTN)	(MAX)	Universal
Amadeus		ST	(TMC)			Paramount
The Ambassador	HBO				(MAX)	Cannon
Amityville: The Demon	(HBO)			HTN*	(MAX)	Orion
Angel	HBO				(MAX)	New World
Arrangement, The			TMC*		MAX	Warner Bros.
As Summers Die	HBO					Telepictures
Aviator, The	(HBO)			HTN		MGM/UA
Baby Blue Marine	HBO					Columbia
Bachelor Party	HBO	ST*			(MAX)	Warner Bros.
Back in the U.S.A.			TMC			Film Gallery
Barry Lyndon	HBO		(TMC)		(MAX)	Warner Bros.
Beach Girls, The		ST	(TMC)			Crown
Beastmaster, The					MAX	MGM/UA
Beat Street	HBO				(MAX)	20th Century-Fox
Bells Are Ringing		ST				MGM/UA
Beyond The Forest		(ST)	TMC			MGM
Big Heat, The					MAX	Columbia
Bill Cosby: Himself	(HBO)	ST*				20th Century-Fox
Bill of Divorcement				HTN		ABC Video
Bitter Harvest					MAX	Viacom
Blazing Saddles		ST			MAX	Warner Bros.
Blind Date			TMC			Westcom
Blind Rage					MAX	Cannon
Blood Brothers			TMC*			Warner Bros.
Blue Skies Again	HBO			(HTN)	(MAX)	Warner Bros.
Boat, The					MAX	Columbia
Bobby Deerfield	HBO				(MAX)	Warner Bros.
Bolero					MAX	Cannon
Border, The					MAX	Universal
Breach of Contract			TMC			Atlantic TV
Brewster's Millions	HBO	ST	TMC	HTN	MAX	Universal
Buddy System, The	HBO		(TMC)		(MAX)	20th Century-Fox
Bustin' Loose	HBO	(ST)			(MAX)	Universal
Cannery Row					MAX	MGM/UA
Cannonball Run, The	(HBO)				MAX	Galaxy Films
Caterer Affair, The		(ST)	TMC			MGM
Catherine & Co.			TMC		(MAX)	Film Gallery
Chained Heat		ST				The Movie Store
City Heat		ST*		HTN*	(MAX)	Warner Bros.
City Lights		(ST)		(HTN)	MAX	20th Century-Fox
Cloak & Dagger		(ST)		HTN*	(MAX)	MGM/UA
Conan the Destroyer		ST*		(HTN)	(MAX)	Universal
Confessions of a Pop Performer					MAX	Columbia
Cops and Other Lovers					MAX	Cinema Signal
Cotton Club, The	(HBO)	(ST)	TMC*		MAX*	Orion
Country	HBO*	ST		(HTN)	(MAX)	Disney
D.A.R.Y.L.			TMC			Paramount
Days of Heaven			TMC			Paramount
Devil and Daniel Webster, The			TMC*			New Century
Divine Nymph, The		ST*				Muller Mutlic
The Doctor Takes A Wife					MAX	Columbia
Door To Door	HBO					Castle Hill
Double Man, The			TMC			Warner Bros.
Dreamscape	(HBO)			HTN	(MAX)	20th Century-Fox
Dune		ST*			(MAX)	Universal
Electric Dreams		(ST)	TMC	HTN*	MAX	MGM/UA
Elusive Pimpernel, The			TMC			New Century
Empire Strikes Back, The		(HBO)	(ST)	(TMC)	MAX*	Lucasfilm
Endgame			TMC*			Mllr Media
Enforcer, The		ST			MAX	Warner Bros.
Eraserhead			TMC*			Alms Pictures
Experience Preferred But Not Essential					MAX	S. Goldwyn
Exposed	(HBO)		TMC			MGM/UA
Fandango	(HBO)	ST	(TMC)			Warner Bros
Fastest Gun Alive, The					MAX	MGM/UA
Father of the Bride			TMC		(MAX)	MGM/UA
Finian's Rainbow			(TMC)	(HTN)	MAX	Warner Bros.
Fire In The Stone		ST				Tolchin Films
F.I.S.T.		ST		(HTN)	(MAX)	MGM/UA
Flamingo Kid, The	(HBO)	(ST)	(TMC)	HTN		20th Century-Fox
Fort Apache					MAX	RKO Pictures
For The First Time		ST				MGM/UA
Four Seasons, The		(ST)	(TMC)	HTN		Universal
French Lieutenant's Woman		(ST)	(TMC)		MAX	MGM/UA
Friday the 13th: A New Beginning		ST*	(TMC)			Paramount
Garbo Talks		ST*			(MAX)	MGM/UA
Ghostbusters	HBO				MAX	Columbia
Ghoulies	HBO					Vestron

Film	Pay Networks					Distributor
Gimme An "F"		ST			(MAX)	20th Century-Fox
Girl Friends				HTN		Warner Bros.
Give My Regards To Broad St.	(HBO)		TMC			20th Century-Fox
The Gold Rush					MAX	20th Century-Fox
Goodbye Girl, The	(HBO)	(ST)	(TMC)	HTN*	MAX*	MGM/UA
Gotcha	HBO	ST	TMC	HTN		Universal
Grace Quigley	HBO					Cannon
The Great Bank Hoax				HTN		Warner Bros.
Great Dictator, The				HTN	MAX	20th Century-Fox
The Greatest Man In The World		ST				Cinema Signal
Greystoke	HBO*	(ST)		(HTN)	(MAX)	Warner Bros.
Gymkata	HBO					MGM/UA
Happy Years, The					MAX	MGM/UA
Hardcore	HBO*					Columbia
Hard To Hold	(HBO)	(ST)	TMC	HTN*		Universal
Heartbreakers	(HBO)				MAX	Orion
Heartland			TMC			Goldwyn
Heavenly Bodies	HBO					MGM/UA
Hey Babe!			TMC			Caroleo
Highest Honor, The					MAX	New World
Home From The Hill	HBO					MGM/UA
Honey		ST*				Italoons
Hot Dog, The Movie	(HBO)	ST	(TMC)		(MAX)	MGM/UA
Iceman	(HBO)		(TMC)	HTN*		Universal
Ice Pirates, The	HBO	ST	(TMC)		(MAX)	MGM/UA
The Incredible Shrinking Woman		ST*		(HTN)		Universal
Indiscretion of An American Wife				HTN		ABC Video
Innocents Abroad		ST				Transcon
Interrupted Melody					MAX	MGM/UA
Irreconcilable Differences	(HBO)	(ST)	(TMC)	HTN*	(MAX)	Warner Bros.
It All Came True		ST				MGM/UA
I Thank A Fool		ST				MGM/UA
Joy of Sex		(ST)	TMC			Paramount
Julius Caesar			TMC			MGM/UA
Just One Of The Guys					MAX	Columbia
Just Tell Me What You Want		HBO*				Warner Bros.
Just The Way You Are	(HBO)	(ST)	TMC	(HTN)		MGM/UA
Kaleidoscope			TMC		MAX	Warner Bros.
Kideo	(HBO)	(ST)		HTN		20th Century-Fox
Killpoint			TMC*			Crown
King David		(ST)	TMC			Paramount
King of the Jungle (1933)				(HTN)		Universal
Lady Hawke	HBO	ST	TMC			Warner Bros.
Leave 'Em Laughing			TMC			Viacom
Little Drummer Girl, The			TMC*		(MAX)	Warner Bros.
Little Foxes, The			TMC			Goldwyn

Mary Steenburgen stars in 'Romantic Comedy.'

Film	Pay Networks					Distributor
Little Prince, The		ST	TMC			Paramount
Losin' It	(HBO)				MAX	Embassy
Madwoman of Chaillot			TMC*		(MAX)	Warner Bros.
Mae West	HBO	(ST)				King Features
Making the Grade			TMC		(MAX)	MGM/UA
Mass Appeal	(HBO)	ST*	(TMC)	(HTN)	(MAX)	Universal
Massive Retaliation	HBO					Massive
Micki and Maude	(HBO)				MAX	Columbia
Midnight Madness	HBO*	(ST)		HTN*		Disney
Missionary, The	HBO					Columbia
Model Behavior					MAX	HheTel
Modern Times					MAX	20th Century-Fox
Money On The Side					MAX	Columbia
Monsieur Verdoux					MAX	20th Century-Fox
Mother Wore Tights					MAX	20th Century-Fox
My New Partner					MAX	Orion
9 to 5		ST	(TMC)	(HTN)	MAX*	20th Century-Fox
Naked Face, The	(HBO)	(ST)			MAX	Cannon
Nancy Goes To Rio		ST				MGM/UA
Natural, The	HBO				(MAX)	Tri-Star
Never Let Me Go			TMC*			MGM/UA
Never To Love				HTN		ABC Video
Nickel Mountain	HBO					ZIV Int'l
Night of the Shooting Stars, The			TMC			Warner Bros.
Oh, God! You Devil	(HBO)	(ST)	(TMC)	HTN*	(MAX)	Warner Bros.
Old Maid, The		(ST)	(TMC)			MGM
Once Upon A Time In America	(HBO)				MAX*	Warner Bros.
Our Very Own		ST				Goldwyn Classics
Outrage, The		ST				MGM/UA
Outrageous			TMC			Goldwyn
Oxford Blues	(HBO)		(TMC)	HTN*		MGM/UA
Painted Hills, The		ST				MGM/UA
Paris, Texas			TMC			20th Century-Fox
Perils of Gwendoline, The	(HBO)	ST			MAX	Goldwyn
Phar Lap	(HBO)	(ST)		HTN		20th Century-Fox
Pilot, The	HBO					Primetime
Places In The Heart	(HBO)				MAX	Tri-Star
Popeye			TMC			Paramount
Pope of Greenwich Village, The					MAX	MGM/UA
Power and the Prize, The		ST				MGM/UA
Prime Risk					MAX	Alan Pictures
Private Resort				HTN	MAX	Tri-Star
Protocol	(HBO)	(ST)	TMC	HTN*	MAX*	Warner Bros.
Purple Rain			TMC*		(MAX)	Warner Bros.
Pursuit of D.B. Cooper			TMC*			King Features
Rachel, Rachel			TMC		MAX	Warner Bros.
Racing with the Moon		ST				Paramount
Raintree Country	HBO					MGM/UA
Ratings Game, The		ST*				Imagination
Reckless	(HBO)		TMC		(MAX)	MGM/UA
Reno and the Doc	HBO					ACM Television
Raw Courage			TMC			NW
Repo Man	(HBO)	(ST)	TMC		(MAX)	Universal
Rhinestone	HBO	(ST)		(HTN)	(MAX)	20th Century-Fox
Return of the Tall Blond Man with One Black Shoe			TMC			Orion
Richard Pryor Here and Now	HBO					Columbia
Richard Pryor Live In Concert	HBO	(ST)				Gary Hoiler
Richard Pryor: Live on the Sunset Strip	HBO*					Columbia
Right Of Way	HBO					Karpf
Rock and Rule			TMC			MGM/UA
Rocky	HBO	(ST)	(TMC)	(HTN)	(MAX)	MGM/UA
Romantic Comedy		(ST)	TMC*		(MAX)	MGM/UA
Running Brave	(HBO)	(ST)		HTN*		Buena Vista
Rubber Tarzan		ST				Janus Films
Ruby Gentry				HTN		ABC Video
Rustler's Rhapsody		ST*				Paramount
Sacred Ground			TMC*			Pacific Int'l
Savannah Smiles	(HBO)		(TMC)		MAX	Embassy
Screwballs					MAX	New Horizons
Sea Gull, The				HTN		Warner Bros.
Secret Honor*			TMC			Cinecom
Seduction, The	(HBO)				MAX	Embassy
She			TMC			Midlon Media
Sheena					MAX*	Columbia
Shogun Ninja		ST				Midlon Media
Shootnix Party, The			TMC			Warner Bros.
Silent Madness			TMC			Alan Pictures
Silent Rage	HBO					Columbia
Sixteen Candles	HBO	ST*		(HTN)	(MAX)	Universal
Sky High	HBO					Omega
Soldier of Orange			TMC			Goldwyn
A Soldier's Story	(HBO)				MAX	Columbia
Some Kind of Hero			TMC		(MAX)	Paramount

'Ghostbusters' starring Dan Akroyd, Bill Murray and Harold Ramis makes it's pay TV debut this May.

Film	Pay Networks					Distributor
Something Wicked This Way Comes	HBO	(ST)	(TMC)	HTN*		Disney
Son to Fury					MAX	20th Century-Fox
Sounder			TMC*			UPA
Stranger's Kiss			TMC			The Movie Store
Streets of Fire			(TMC)	(HTN)	MAX	Universal
Stuntwoman			TMC			Viacom
Sure Thing, The	(HBO)	ST				Lew Grade
10 to Midnight	HBO				(MAX)	Viacom
Talk to Me	(HBO)		TMC			Atlantic TV
Tarzan, The Ape Man		ST				MGM/UA
39 Steps, The			TMC			New Century
Teachers	HBO	(ST)			(MAX)	MGM/UA
Tender Trap, The					MAX	MGM/UA
Terminator, The	HBO				(MAX)	Hemdale
Testament	HBO	(ST)		HTN		Paramount
That's Dancing	(HBO)			HTN		MGM/UA
They're Playing With Fire			TMC			New World
This Is Spinal Tap					MAX	Embassy
Thief of Hearts		(ST)	TMC*			Paramount
To All A Good Night		ST				Intercontinental
Topaze				HTN		ABC Video
To Race The Wind	HBO					Viacom
Torch Song					MAX	MGM/UA
Under the Volcano	HBO	(ST)				Universal
Unfaithfully Yours		(ST)	TMC		(MAX)	20th Century-Fox
Victor Victoria					MAX	MGM/UA
Videodrome	(HBO)	ST				Universal
Walk Proud	(HBO)			HTN		Universal
Westerner, The		ST			(MAX)	Goldwyn Classic
Whirlpool	HBO*					WW Entertainment
White Mama			TMC			Viacom
Whole Tower's Talking, The					MAX	Columbia
Who'll Stop The Rain			TMC		(MAX)	Warner Bros.
Woman of Paris				HTN		ABC Video
Wonder Man			TMC		(MAX)	Goldwyn
Yellow Hair And The Fortress Of Gold			TMC			Crown
Young Lady Chatterley					MAX	Film Gallery

Cable Network Legend:
HBO-Home Box Office
ST-Showtime
TMC-The Movie Channel
HTN-Home Theater Network
MAX-Cinemax

- Networks in parentheses indicate carriage in December, January, February, March and/or April.
- An asterisk indicates the film is a carry-over from December, January, February, March and/or April.
- In total, 248 films appear on the April schedules of Home Box Office, Showtime, The Movie Channel, Home Theater Network and Cinemax. Of those titles during the last six months, 8 films have played on all five services, 16 films have played on four of the five services, 32 films have played on three services and 60 films on two of the five services. One hundred and thirty-two titles were unduplicated in the last six months.
- The motion picture distributor with the most titles on pay TV this month is MGM/UA with 47, followed by Warner Bros. with 30, 20th Century-Fox with 21, and Columbia and Universal with 18 each.